

Message Text

LIMITED OFFICIAL USE

PAGE 01 OECD P 07287 01 OF 02 212151Z

73

ACTION EUR-12

INFO OCT-01 IO-10 ISO-00 AID-05 CEA-01 CIAE-00 COME-00

EB-07 EA-06 FRB-03 INR-07 NEA-09 NSAE-00 OPIC-03

SP-02 TRSE-00 CIEP-01 LAB-04 SIL-01 OMB-01 L-02 STR-01

OIC-02 SS-15 NSC-05 TAR-01 /099 W

----- 047003

R 212140Z MAR 75

FM USMISSION OECD PARIS

TO SECSTATE WASH DC 6158

INFO AMEMBASSY BERN

AMEMBASSY LONDON

AMEMBASSY PARIS

USMISSION EC BRUSSELS

USMISSION GENEVA

LIMITED OFFICIAL USE SECTION 01 OF 02 OECD PARIS 07287

E.O. 11652: N/A

TAGS: ETRD, OECD

SUBJECT: FRENCH CREDIT MEASURES TO PROMOTE EXPORTS

REF: A. OECD PARIS 5980

B. OECD PARIS 1800L, 7/74

C. PARIS 0639

1. SUMMARY. MISSION BELIEVES RECENT ENLARGEMENT OF FRENCH EXPORT INVESTMENT FACILITY, COUPLED WITH OUR GOOD LEGAL CASE REGARDING TRADE ORIENTATION AND CONSULTABILITY OF FRENCH ACTION, GIVES US GOOD GROUNDS FOR PURSUING QUESTION OF CONSULTATION ON THIS MEASURE IN OECD. WE ARE NOT IN STRONGEST POLITICAL POSITION, HOWEVER, GIVEN THOROUGHLY NEGATIVE FRENCH ATTITUDE TOWARD CONSULTING, UNCERTAINTY OF SUPPORT FROM OTHER DELS, AND FACT THAT MATTER HAS ALREADY BEEN DISCUSSED AND DISPOSED OF IN COUNCIL IN CONTEXT OF TRADE PLEDGE. IF

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 OECD P 07287 01 OF 02 212151Z

WASHINGTON AGENCIES BELIEVE ON BALANCE THIS PROBLEM

WORTH PURSUING, MISSION RECOMMENDS WE BE INSTRUCTED TO SEEK SUPPORT OF OTHER DELS AND TO MAKE EARLY STATEMENT IN COUNCIL REQUESTING CONSULTATIONS. WE WOULD NEED BEST POSSIBLE US ESTIMATES OF ACTUAL EFFECT OF FRENCH PROGRAM ON TRADE FLOWS. ACTION REQUESTED: WASHINGTON VIEWS AND, IF SO DECIDED, INSTRUCTIONS, PREFERABLY IN TIME FOR MISSION TO RAISE SUBJECT AT EARLY COUNCIL MEETING.
END SUMMARY.

2. FRENCH ANNOUNCEMENT (REF C) OF DECISION TO INCREASE RESOURCES DEVOTED TO EXPORT INVESTMENT INCENTIVE SCHEME BY 75 PERCENT, NOTING STRONG DEMAND FOR ACCESS TO FACILITY SINCE ITS ESTABLISHMENT LAST SUMMER, AND REEMPHASIZING EXPORT EXPANSION GOALS, COMES ONLY TWO WEEKS AFTER GOF REFUSAL TO CONSULT ON THIS MEASURE IN TRADE COMMITTEE ON GROUNDS IT IS "INTERNAL" POLICY. WE BELIEVE THIS LATEST ANNOUNCEMENT STRENGTHENS US POSITION SHOULD WE WANT TO PURSUE FRENCH IN OECD. FOLLOWING ARE OTHER CONSIDERATIONS DEPARTMENT MAY WISH TO BEAR IN MIND IN DEVELOPING US POSITION ON THIS ACTION.

3. FRENCH MEASURES (REPORTED IN DETAIL IN PARIS 20100 OF 1974) APPEAR CLEARLY TO BE DIRECTED TOWARD EXPORT EXPANSION, SINCE INCREASING PROPORTION OF SALES DERIVED FROM EXPORTS IS EXPLICIT CONDITION OF OBTAINING FUNDS (REF ART. 12 OF LAW). INITIAL ANNOUNCEMENT OF MEASURES BY GOF FINANCE MINISTER ALSO PUT EXPLICIT EMPHASIS ON FAVORABLE BOP EFFECT EXPECTED. AFTER QUESTION OF CONSISTENCY WITH TRADE PLEDGE WAS RAISED NEW FINANCE MINISTER MADE STATEMENT PLAYING DOWN THIS ASPECT, REFERRING TO GOF'S ADHERENCE TO TRADE PLEDGE, AND PRESENTING MEASURE AS PART OF INTERNAL CREDIT POLICY. WHETHER FRENCH MEASURE HAS HAD OR IS LIKELY TO HAVE ANY SIGNIFICANT EXPORT PROMOTION EFFECT IS OF COURSE OPEN TO DEBATE. ANY CONCLUSION IN THIS RESPECT MIGHT WELL REQUIRE KINDS OF INFORMATION WHICH COULD ONLY BE OBTAINED FROM RATHER DETAILED CONSULTATIONS.

4. THERE WOULD SEEM TO BE LITTLE DOUBT THAT FRENCH MEASURES FALL INTO CATEGORY REQUIRED TO BE NOTIFIED TO LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 OECD P 07287 01 OF 02 212151Z

TRADE COMMITTEE, AND THAT AFFECTED COUNTRIES HAVE RIGHT TO CONSULTATIONS IN TC. PROCEDURE ADOPTED BY TRADE COMMITTEE IN 1962 (C(62)28) CONCERNING NOTIFICATION OF CHANGES IN TRADE POLICIES AND PRACTICES INCLUDES IN ILLUSTRATIVE LIST AS ITEM B(2) "GOVERNMENTAL MEASURES EXCLUSIVELY OR MAINLY BENEFITING EXPORTS: INTRODUCTION OR MODIFICATION OF FISCAL OR PARA-FISCAL CONCESSIONS, OF DIRECT OR INDIRECT SUBSIDIES, AND OF FACILITIES IN THE

FIELD OF EXPORT CREDITS AND EXPORT CREDIT GUARANTEES."
PARA 4 OF SAME REPORT NOTES THAT WHEN A MEMBER THINKS A
MEASURE WHICH HAS NOT BEEN NOTIFIED SHOULD BE NOTIFIED,
IT HAS THE RIGHT TO REQUEST, THROUGH THE SECRETARIAT,
THE INFORMATION WHICH WOULD NORMALLY BE SUBMITTED UNDER
NOTIFICATION. SUCH NOTIFICATION IS IN PRACTICE NORMALLY
SEEN AS POTENTIAL SUBJECT OF CONSULTATION. FURTHERMORE,
TERMS OF REFERENCE OF TRADE COMMITTEE PROVIDE THAT ANY
MEMBER COUNTRY SHOULD BE ABLE TO OBTAIN PROMPT CONSIDER-

LIMITED OFFICIAL USE

NNN

LIMITED OFFICIAL USE

PAGE 01 OECD P 07287 02 OF 02 212152Z

73

ACTION EUR-12

INFO OCT-01 IO-10 ISO-00 AID-05 CEA-01 CIAE-00 COME-00

EB-07 EA-06 FRB-03 INR-07 NEA-09 NSAE-00 OPIC-03

SP-02 TRSE-00 CIEP-01 LAB-04 SIL-01 OMB-01 L-02 STR-01

OIC-02 SS-15 NSC-05 TAR-01 /099 W

----- 047055

R 212140Z MAR 75

FM USMISSION OECD PARIS

TO SECSTATE WASH DC 6159

INFO AMEMBASSY BERN

AMEMBASSY LONDON

AMEMBASSY PARIS

USMISSION EC BRUSSELS

USMISSION GENEVA

LIMITED OFFICIAL USE SECTION 02 OF 02 OECD PARIS 07287

ATION AND DISCUSSION BY THE TRADE COMMITTEE OF TRADE
MEASURES BY ANOTHER MEMBER WHICH ADVERSELY AFFECT ITS
INTERESTS.

5. FRENCH ACTION WAS RAISED IN COUNCIL BY SECGEN ON

7/23/74 AS POSSIBLE VIOLATION OF TRADE PLEDGE, AND UK, WITH SUPPORT ONLY FROM US (ACTING WITHOUT INSTRUCTIONS), SUGGESTED IT BE EXAMINED BY TCWP, WHICH FRENCH OPPOSED (REF B). MISSION NOTED AT THAT TIME THAT IT PLANNED NO FURTHER INITIATIVES ON THIS MATTER IN ABSENCE OF STRONG INTEREST BY OTHERS OF FRANCE'S TRADING PARTNERS. UK RAISED ISSUE AGAIN (ALONG WITH ALLUSION TO PROPOSED US OIL CARGO PREFERENCE LEGISLATION) ON AUGUST 1' AND US DEL, IN ABSENCE OF INSTRUCTIONS TO THE CONTRARY (AND WITH UNDERSTANDING DEPARTMENT DID NOT WISH TO MAKE ISSUE OF THIS MEASURE IN TRADE PLEDGE CONTEXT) OFFERED NO SUP-LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 OECD P 07287 02 OF 02 212152Z

PORT. FRENCH FINALLY COMPLIED WITH UK REQUEST FOR ADDITIONAL EXPLANATION AT JAN. 21 COUNCIL, WHERE UNDER AGENDA ITEM "OTHER BUSINESS" THEY MADE STATEMENT EMPHASIZING "SMALL BUSINESS ASSISTANCE" ASPECTS OF SCHEME AND CLAIMED IT WAS TO ENCOURAGE ENERGY-SAVING INVESTMENTS AND ALLOW "NORMAL" DEVELOPMENT OF EXPORT SALES. UK DEL STATED ITS CONCLUSION THAT THE FRENCH MEASURE DID NOT "RUN COUNTER TO THE TRADE PLEDGE SINCE IT RESULTED FROM A SPECIAL FINANCING SCHEME SET UP EARLIER." FRENCH DEL HAS TOLD US GOF CONSIDERS MATTER OF CONSULTATIONS IS THEREFORE CLOSED.

6. EVEN IF UK VIEW ON RELEVANCE OF TRADE PLEDGE IS ACCEPTED, WE BELIEVE STRONG BASIS FOR USE OF OECD CONSULTATION MECHANISMS CAN BE FOUND IN TRADE COMMITTEE'S MARCH 6 REPORT TO THE COUNCIL ON THE RENEWAL OF THE PLEDGE. TC STATED THAT IN ITS OPINION CONSULTATIONS WOULD CONTRIBUTE TO THE GENERAL OBJECTIVES OF THE PLEDGE EVEN IN CASES WHERE PLEDGE WAS NOT DIRECTLY APPLICABLE.

7. IN CONCLUSION, MISSION FEELS US POLITICAL POSITION IN PURSUING FRENCH ACTION IS WEAKENED BY OUR FAILURE TO CONSISTENTLY SUPPORT UK IN COUNCIL (ALTHOUGH THIS WAS ONLY IN CONTEXT OF TRADE PLEDGE) AND BY FACT THAT NO COUNTRY OTHER THAN UK SAW FIT TO COMPLAIN ABOUT FRENCH ACTION IN TRADE PLEDGE OR ANY OTHER CONTEXT. ON OTHER HAND, WE FEEL LEGAL MERITS OF OUR CASE FOR INSISTING ON EXAMINATION OF FRENCH ACTION AS A GENERAL TRADE POLICY MEASURE ARE STRONG, AND COULD BE MADE STRONGER IF WE COULD DEVELOP SOME EVIDENCE OR GOOD A PRIORI CASE THAT FRENCH ACTION LIKELY TO HAVE SIGNIFICANT TRADE IMPACT ON LONGER TERM.

8. IF DEPARTMENT WISHES TO PURSUE, MISSION RECOMMENDS US PERMREP BE AUTHORIZED TO MAKE STATEMENT AT EARLIEST POSSIBLE COUNCIL MEETING CALLING FRENCH TO TASK FOR REFUSING TO NOTIFY AND DECLINING REQUEST TO CONSULT IN

TRADE COMMITTEE, INDICATING US CONCERN ABOUT EXPANSION
OF INCENTIVE PROGRAM DURING THIS DIFFICULT PERIOD AND
WHILE RENEWAL OF TRADE PLEDGE UNDER CONSIDERATION. WE
WOULD WANT TO SEEK SUPPORT FROM OTHER INTERESTED
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 OECD P 07287 02 OF 02 212152Z

DELEGATIONS BEFOREHAND, SUCH AS UK AND PERHAPS SWISS,
WHO OFFERED US SOME SUPPORT IN TRADE COMMITTEE ON QUES-
TION OF WILLINGNESS TO CONSULT.
TURNER

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TRADE, EXPORTS, COMMITTEE MEETINGS, INVESTMENTS
Control Number: n/a
Copy: SINGLE
Draft Date: 21 MAR 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975OECDP07287
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: UPGRADED TO CONFIDENTIAL PER 8/22/78 MEMO FROM EB/ITP - WILLIAM BARRACLOUGH
Executive Order: GS
Errors: N/A
Film Number: D750100-0378
From: OECD PARIS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750327/aaaaaykx.tel
Line Count: 237
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 75 OECD PARIS 5980
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 16 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <16 APR 2003 by ShawDG>; APPROVED <17 APR 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: FRENCH CREDIT MEASURES TO PROMOTE EXPORTS
TAGS: ETRD, OECD
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006